



OFFICE OF THE COUNTY AUDITOR INTEROFFICE MEMORANDUM

TO: All Council Members
FROM: Lauren M. Smelkinson, County Auditor *LMS*
DATE: November 9, 2012
SUBJECT: Revision to Council Meeting Notes

Please find attached revised FM-1 (Procurement and Contracting Services) to the Council Meeting Notes issued November 8, 2012. The note was revised due to additional information provided by the Office of Law concerning services provided by the contractor prior to Council approval.

This item will be discussed at the November 13, 2012 work session for the November 19, 2012 Council meeting.

Attachment

cc: notes distribution list

FM-1 (Contract)

Council District(s) All

Department of Economic Development

Procurement and Contracting Services

The Administration is requesting approval of a contract with the Maryland Workforce Corporation (MWC) to provide procurement and contracting services for the Accelerating Connections to Employment (ACE) program. If approved, the contract will be retroactive to July 1, 2012, will continue through October 31, 2016, and may be extended for an additional 3-month period. In addition, the County may renew the contract for one additional year should the grant period be extended. Administrative fee compensation may not exceed \$593,486 for the entire approximate 5-year and 7-month term, including the extension and renewal periods. County reimbursements to the contractor for payments to third parties may not exceed \$9,983,164. See Exhibit A.

Fiscal Summary

Funding Source	Maximum Fee Compensation	Notes
County	---	⁽¹⁾ U.S. Department of Labor (DOL), Employment and Training Administration funds.
State	--	
Federal ⁽¹⁾	\$ 593,486	⁽²⁾ Maximum administrative fee for the entire 5-year and 7-month term, including the extension and renewal periods. Administrative fee equals 5% of the amount of grant funds the contractor distributes pursuant to this agreement; the agreement limits grant fund reimbursements to the contractor to \$9,983,164.
Other	--	
Total	<u>\$ 593,486</u>	

Analysis

In July 2012, the U.S. Department of Labor awarded the County's Department of Economic Development, Division of Workforce Development (DWD) an \$11.9 million Workforce Innovation Fund grant to fund the Accelerating Connections to Employment (ACE) program. The ACE program is designed to provide training and job placement support to low-skilled job seekers,

including individuals with limited English proficiency and individuals with low reading, writing, and math skills; the program seeks to accelerate academic and skills training of individuals for entry-level positions in high-demand sectors such as health care. The contractor, the Maryland Workforce Corporation (MWC), which is a state corporate agency, was a partner in the County's grant submission to the DOL, along with eight other out-of-county and out-of-state workforce investment areas (WIAs) and their respective community colleges.

Baltimore County is the lead jurisdiction to implement the ACE program and is responsible for administering the grant. The nine participating WIAs are: Baltimore, Prince George's, Montgomery, and Anne Arundel Counties, Baltimore City, and the Upper Shore Consortium (Caroline, Dorchester, Kent, Queen Anne's and Talbot Counties) in Maryland; as well as Austin, Texas; Atlanta, Georgia; and New Haven, Connecticut. On September 4, 2012, the County Council approved Bill 52-12, a supplemental appropriation of federal funds totaling \$2.7 million for the first year's operation of the ACE program.

The DWD advised that in order to implement the ACE program, contracts with the other eight WIAs and their respective community colleges are necessary. In addition, a third-party independent evaluator for the grant, procured through a competitive process, will be needed. The MWC will provide the services needed to procure the needed services and entities, including preparing contracts, monitoring the fiscal operations of the entities involved in the ACE program, and procuring the independent evaluator.

The DWD advised that the MWC has provided services required to facilitate administration of the grant to subgrantees, and estimates that the value of these services totals approximately \$10,000. The Office of Law advised that the MWC is aware that the contract is not effective unless approved by the County Council and that no compensation will be paid unless the contract is approved and executed.

If approved, the contract will be retroactive to July 1, 2012, will continue through October 31, 2016, and may be extended for an additional 3-month period. In addition, the contract may be renewed for one additional year should the DOL extend the grant period. Administrative fee compensation may not exceed \$593,486 for the entire 5-year and 7-month term, including the extension and renewal periods. The administrative fee is equal to 5% of the amount of grant funds the MWC will distribute. In addition, the DWD will reimburse the MWC an amount not to

exceed \$9,983,164 in grant funds for payments made to third parties for program operations and to the third party independent evaluator. The County or the MWC may terminate the agreement by providing 30 days prior written notice.

This contract was awarded on a sole-source basis since the MWC was named in the County's grant submission to the DOL and the DOL accepted the grant as submitted.

County Charter, Section 715, requires that "any contract must be approved by the County Council before it is executed if the contract is...for services for a term in excess of two years or involving the expenditure of more than \$25,000 per year...."

Baltimore County
Department of Economic Development
Division of Workforce Development

Contract with the Maryland Workforce Corporation
Executive Summary

In July, 2012 the Division of Workforce Development was awarded an \$11,869,725 grant from the US Department of Labor for Accelerating Connections to Employment (ACE). The grant's term is four years and four months. On September 4, 2012, the County Council passed a Supplemental Appropriation for the first year's operation of the ACE grant.

The Maryland Workforce Corporation (MWC), a state corporate agency, was a partner in the ACE grant submission to the US Department of Labor. Its role in the grant is to act as the procurement and contracting agent for the Baltimore County Division of Workforce Development, the administrative entity for the grant. The ACE grant involves six Maryland Workforce Investment Areas and three other cities (Atlanta, GA, Austin, TX and New Haven, CT). Contracts need to be made with each of the Workforce Investment Areas outside of Baltimore County. In addition, a third-party, independent evaluator for the grant needs to be procured through a competitive process.

The Maryland Workforce Corporation will provide the services needed to procure these services and entities. The MWC will write the contracts, monitor the fiscal operations of the entities involved in the ACE grant, and will procure the independent evaluator. The Division of Workforce Development will pay the MWC for its services on a cost reimbursement basis up to a total of \$593,486 over the entire grant period. An additional \$9,983,164 is needed to pay for program operations in the eight Workforce Investment areas (five in Maryland and Austin, TX, Atlanta, GA and New Haven, CT) and the third-party independent evaluator.

Prepared by: Department of Economic
Development